

The Daily Dispatch

Weekly Special Feature

October 08, 2021

Facebook Falls After Whistleblower Speaks Out Against Harms

By: Naomi Nix and Kurt Wagner – Bloomberg (*Published on October 4, 2021*)

Facebook Inc. shares dropped to their lowest level since June on Monday after a whistleblower revealed herself for the first time and accused the social media giant of putting “profit over safety” of its users.

“There were conflicts of interest between what was good for the public and what was good for Facebook,” Frances Haugen told the news program “60 Minutes” on Sunday evening. “Facebook over and over again chose to optimize for its own interests like making more money.”

Haugen, who helped tackle misinformation on the platform, has turned over thousands of pages of Facebook’s internal research to U.S. lawmakers and the Wall Street Journal, and her lawyers have filed at least eight complaints with the U.S. Securities and Exchange Commission, according to the “60 Minutes” segment. She said she spoke out to sound the alarm over the company’s practices, suggesting that Facebook misled the public with claims it made about tackling misinformation and hate speech and that the company knew about, but didn’t disclose, harmful impacts of its services like Instagram.

Facebook’s shares were down as much as 4.5% Monday morning in New York, hitting \$327.66, their lowest level since June 21.

The revelations have ignited a firestorm for Facebook in Washington as lawmakers accuse the company of covering up internal research about its negative effects. Haugen is set to appear Tuesday before a Senate subcommittee on consumer protection as part of a hearing focused on “protecting kids online.” Last week, lawmakers questioned Antigone Davis, Facebook’s global head of safety, over documents that showed Instagram can worsen the mental health of teens who are already suffering.

The trove of documents Haugen handed over shed light on internal discussions about the company’s content moderation efforts, how it treats high-profile accounts

differently from other users, and the mental impact its photosharing app Instagram has on young users.

One study Haugen uncovered showed Facebook took action on as little as 3% to 5% of hate speech on Facebook, and on less than 1% of content classified under “violence and incitement,” according to 60 Minutes.

“From her first visit with my office, I have admired her backbone and bravery in revealing terrible truths about one of the world’s most powerful, implacable corporate giants,” Senator Richard Blumenthal, a Connecticut Democrat who chairs the subcommittee holding next week’s hearing, said in a statement.

“We now know about Facebook’s destructive harms to kids — harms that Facebook concealed and knowingly exploited to increase profits — because of documents Frances revealed,” he said.

Facebook spokesperson Lena Pietsch, calling the 60 Minutes segment “misleading,” said in a statement that the company seeks to balance free expression with the need to keep the platform safe.

“We continue to make significant improvements to tackle the spread of misinformation and harmful content,” she said. “To suggest we encourage bad content and do nothing is just not true.

Haugen started working at Facebook in June 2019 after stints at Google, Yelp and Pinterest, according to her LinkedIn page. The Iowa native was recruited to Facebook to be the lead product manager on the civic misinformation team and later worked on counter-espionage, according to her website. Frances told 60 Minutes she agreed to take the Facebook job so she could work against misinformation after seeing a friend get wrapped up in online conspiracy theories.

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“I never wanted anyone to feel the pain that I had felt,” she told the network. “I had seen how high the stakes were in terms of making sure there was high quality information on Facebook.”

During her time at Facebook, Frances grew more alarmed by the choices the company was making to prioritize its own growth at the expense of the public, she said.

Included in the documents Haugen shared was a series of internal research slides outlining the impact that Facebook photo-sharing app Instagram has on teenagers, reported in September as part of a series of stories by the Wall Street Journal. The research showed that using Instagram often makes things worse for young people who suffer from existing mental health problems, such as anxiety or body image issues.

It’s clear Haugen left Facebook knowing full-well she planned to hand over damning company documents. After resigning from her job in April, Haugen stayed at Facebook an additional month, collecting material on the company she felt proved Facebook had failed to be responsible, the Journal reported.

She expected the company to notice her activity, which included viewing documents unrelated to her job, she added. Facebook can see when employees view certain documents or make specific searches on the company’s internal communication product, called Workplace.

Haugen even left a cryptic message for the company on her last day, the Journal reported, by using the internal search function to type: “I don’t hate Facebook. I love Facebook. I want to save it.”

Haugen grew up attending the Iowa caucuses with her professor parents, which instilled in her “a strong sense of pride in democracy and responsibility for civic participation,” according to her website. Now, she sees herself as “an advocate for public oversight of social media.”

“We can have social media we enjoy that brings out the best in humanity,” she says on her website.

Facebook has pushed back on some of the Journal’s stories, claiming that data was “cherry picked.”

Still, the uproar that followed the reports led the company last week to halt plans to roll out a separate version of Instagram for children under 13, citing the need for further consultation with experts, parents and policymakers. Facebook says it’s not abandoning the idea of building the app entirely.

“I still think building this experience is the right thing to do, but we want to take more time to speak with parents and experts working out how to get this right,” tweeted Instagram head Adam Mosseri.

At a hearing on the topic last week, lawmakers blasted Facebook, arguing that the company has focused on profits ahead of efforts to make its products safer for kids.

“We do not trust you,” said Tennessee Senator Marsha Blackburn, the panel’s ranking Republican.

Source: Naomi Nix and Kurt Wagner (2021) ‘Facebook Falls After Whistleblower Speaks Out Against Harms.’ *Bloomberg*. Available at <https://www.bloomberg.com/news/articles/2021-10-04/facebook-whistleblower-says-company-places-profits-over-people>

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TODAY'S TOP NEWS

Cebu firm gets nod on P20-b reclamation job

Cebu Landmasters Inc. said it received a notice from the Philippine Reclamation Authority to proceed with the 100-hectare reclamation project being proposed by the municipality of Minglanilla, Cebu in partnership with Ming-Mori Development Corp., a subsidiary of CLI. The proposed of project will be a techno-business hub.

PH manufacturing sustained over 500% growth in Aug

Data from the PSA showed the volume of production index jumped 534.6-percent in August, following a 539.7-percent rise in July. Sixteen industry divisions contributed to the positive growth of VoPI in August 2021, of which the fastest growth was reported in manufacture of coke and refined petroleum products at 3,800.9 percent.

Stocks fall on profit taking; GLO and CNVRG down

The Philippine Stock Exchange Index sank 1.5%, to 6,951.30 a day after smashing the 7,000-point mark. Converge and Globe tumbled 14.8% to and 5% respectively. Stocks slumped Thursday on profit taking, with some investors worried over galloping oil prices that could dent recovery.

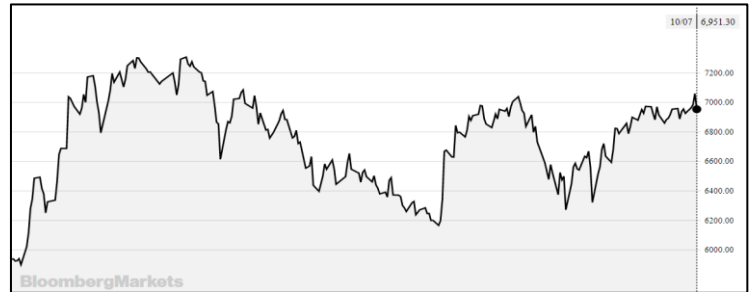
BSP: 1-in-5 monthly payment now done online

In a virtual briefing, BSP Governor Benjamin E. Diokno reported that the BSP achieved its target of reaching 20% of digital payments volume by 2020, due largely to the behavior shift catalyzed by the pandemic. The value of digital payments, likewise, substantially grew from 25% to 26.8% for the same period.

CIMB: 323% growth in gross digital transaction value

THE Philippine business of Malaysia's CIMB Group announced recording a 323% growth in gross transaction value to more than P142 billion end-September as against the same period in 2020. CIMB have acquired close to five million customers to date and currently have almost a million lending customers in its portfolio.

Philippine Stock Market Update



Previous Close:

6,951.30

1 Yr Return:

20.83%

Open:

6,972.18

YTD Return:

-1.13%

52-Week Range:

5,825.48 - 7,432.40

Source:

Bloomberg

Foreign Exchange

As of Oct. 7, 2021

US Dollar	Philippine Peso
1	50.56

BVAL Reference Rates

As of Oct. 7, 2021

Tenor	Rate
1Y	1.622
3Y	2.598
5Y	3.433
7Y	4.088
10Y	4.659
20Y	5.057

Daily Quote

“Don't judge each day by the harvest you reap
but by the seeds that you plant.”

-- Robert Louis Stevenson

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MORE LOCAL NEWS

SL Agritech obtains PRS Aa credit rating

Agricultural firm SL Agritech Corp. obtained a PRS Aa (corp.) rating with a stable outlook from local credit rating agency Philippine Rating Services Corp. (PhilRatings). PhilRatings said in a recent statement that the issued rating was for SL Agritech's commercial paper issuance of up to P4 billion.

Globe sets unit's number portability on Oct. 12

Globe Telecom, Inc. announced on Thursday that its unit GOMO, a mobile service provider, would start offering its number porting service on Oct. 12. The announcement comes after Smart Communications, Inc. urged the NTC to investigate why GOMO had failed to take part in the mobile number portability launch on Sept. 30.

Rockwell Land seeks to take out P5-B term loan

Rockwell Land Corp. said its board of directors had given the go signal for the firm to enter into a P5-B long-term loan facility with BDO Unibank, Inc. in a bid to partly finance its capital spending requirements. In a disclosure, the Lopez-led property developer said the loan will have a repayment schedule of up to 10 years.

PayMongo, GCash partner to offer new option

Online payments provider PayMongo Philippines, Inc. announced on Thursday its partnership with GCash. The partnership aims to offer GCredit on the PayMongo platform to allow consumers to buy essentials and pay later, the payment processing company said in an e-mailed statement.

MerryMart activates MBOX Smart Locker in Pasay

Merrymart Consumer Corp. installed its first smart locker at its MerryMart Grocery branch in DoubleDragon Plaza in Pasay City on Thursday, kicking off its goal of rolling out 5,000 smart lockers by 2030.

DOF sees trade recovery ahead

As economic activities crawl back to full capacity, the trade sector is expected to sustain its recovery for the rest of the year, but authorities should remain vigilant against the resurgence of cases that may require a revert to lockdowns.

AllDay Mart to target growing middle class

The Villar Family's upcoming grocery store IPO, AllDay Mart [ALLDY 0.80 pre-IPO] said recently that it hopes to capitalize on a shift in Philippine consumer trends away from the value and toward a "preference for premium" for the items that "matter most".

Fitch, AMRO slash Philippine growth outlook

Global debt watcher Fitch Ratings and regional think tank ASEAN+3 Macroeconomic Research Office (AMRO) both shaved off their growth forecasts for the Philippines this year, citing the slow pace of recovery in the first semester.

Banks may apply SBL for project financing

Bangko Sentral ng Pilipinas Governor Benjamin Diokno said Thursday banks may apply the separate Single Borrower's Limit for project finance exposures, including those to water concessionaires, subject to compliance with certain conditions.

Pork imports surge 72% in 9 months

Pork imports reached 439.3 million kilos from January to September, already 72 percent higher than imports made for the whole of 2020, according to the Bureau of Animal Industry (BAI). The nine-month figure is also 261 percent higher than the 168 million kilos imported from January to September 2020.

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TODAY'S TOP ASIAN NEWS

Funding Societies raises US\$18m in debt

SMALL and medium-sized enterprise (SME) digital financing platform Funding Societies on Thursday announced it raised US\$18 million in debt finance, led by a trio syndicate of financial institutions including Singapore's Helicap Investments and the Social Impact Debt Fund.

China's energy crisis is hitting everything

The hit from China's energy crunch is starting to ripple throughout the globe, hurting everyone from Toyota to Australian sheep farmers and makers of cardboard boxes.

Sg firms expand data centre investments overseas

A Temasek-owned data centre provider based in Singapore plans to operate two new facilities in Tokyo, marking its first foray into the Japanese market. ST Telemedia Global Data Centres will set up the complexes in Goodman Business Park, which is being developed in Inzai City in the Greater Tokyo area.

Ambani to bring 7-Eleven stores to India's market

Mr Mukesh Ambani, Asia's richest man, will bring 7-Eleven's convenience stores to India, adding to his burgeoning retail empire in the world's only one billion-plus consumer market that is open to foreign firms.

MindMaze said to raise funds at US\$1.5b value

MINDMAZE, whose virtual-reality software helps people regain motion after strokes or traumatic brain injuries, is valued at more than US\$1.5 billion after receiving financing from AlbaCore Capital Group, said a person briefed on the matter.

TODAY'S TOP GLOBAL NEWS

SG's TDCX raises US\$348m in expanded US IPO

SINGAPORE-BASED TDCX, a provider of digital customer experience solutions, expanded its US initial public offering (IPO) and priced the shares at the top of a marketed range to raise US\$348 million.

Amazon e-comm boom pushes startup to \$2b valuation

Pattern, which started out selling fridge magnets and other trinkets on Amazon's third-party marketplace, on Wednesday said it raised US\$225 million in new outside investment at a valuation of about US\$2 billion.

Amazon's Twitch hit by data breach

AMAZON.COM Inc's live streaming e-sports platform Twitch on Wednesday blamed "an error" in server configuration change for a data breach and said it was still assessing the impact.

Deal on global corp tax rate of 15% gains momentum

The most sweeping overhaul of the international tax system in a century is poised to take a significant step forward this week, with nearly 140 countries, including Ireland and Estonia, expected to settle on a 15 per cent global minimum tax rate.

BMW poised to snatch luxury-sales crown back

BMW's better handling of the chip shortage has turned the tables on the global luxury sales race, positioning the company to overtake its arch-rival for the first time since 2015. The carmaker delivered 1.7m of vehicles in the first 9 months of the year, exceeding Mercedes-Benz by more than 112,000 cars and sport utility vehicles.